

ANNUAL REPORT
OF
THE FOUNDATION COMPANY
OF CANADA
LIMITED
AND SUBSIDIARY COMPANIES
FOR THE YEAR ENDING
APRIL 30, 1940

FURVIS HALL
LIBRARIES

JAN 22 1946

MCGILL UNIVERSITY

THE FOUNDATION COMPANY OF CANADA LIMITED AND SUBSIDIARY COMPANIES

MONTREAL, June 12, 1940.

TO THE SHAREHOLDERS OF
THE FOUNDATION COMPANY OF CANADA LIMITED

The Annual Report for the fiscal year ending April 30, 1940, together with certified balance sheet and surplus account, is submitted herewith.

Conditions in the construction industry have undergone a marked change during the last nine months and in the light of recent events it seems reasonable to assume that the munitions industry in Canada will proceed at an accelerated pace and that your Company, with its long record of achievement in the industrial building field, will receive its share in the new work that will be necessary if Canada is to put her full weight into her war effort. Since September last, with few exceptions, all business taken by the construction divisions of your Company may be said to be directly connected with the war. Your Company's principal business has been the construction of new plants and additions to existing plants producing raw or semi-manufactured materials for the munitions industry. In addition your Company has undertaken certain important work of a specialized nature under direct contracts with the Government.

Your Company's towing and docking business in the Port of Halifax has been exceedingly active and additional equipment and personnel have been provided to meet all demands. Additional water boats have also been put into operation at that port as required. The Company's pre-war rate schedule has been maintained at the rates in effect under annual contracts with the principal steamship owners normally using the port.

Your Company's marine salvage business in the North Atlantic has assumed greatly increased importance, the area served by your Company's salvage vessels having increased by approximately five hundred per cent since last September due to the withdrawal of foreign flag competition. Arrangements have been concluded for a still further increase in territory as quickly as equipment now on order is put into service.

Application has been made for permission to surrender the charter of one of your Company's wholly owned subsidiaries, Halifax & Canso Steamships Limited, which formerly operated a passenger and freight service on the Nova Scotian Coast. Its personnel has been absorbed and its equipment purchased by Foundation Maritime Limited for services considered more essential under existing conditions.

Capital assets, after crediting the proceeds from plant sold and otherwise disposed of, show a very moderate increase of \$27,936 and a net decrease after depreciation of \$35,814. The principal items affecting capital account are additional repair shop capacity and machine shop equipment at the Company's Dorval Yard and what might be considered as normal replacements of the Company's construction equipment and the purchase of two boats, one for conversion for general salvage and ocean rescue work, the other for service as a water boat. Additional salvage equipment has also been purchased during the fiscal year. In the aggregate these items have to a great extent been offset by rather heavy sales of surplus construction plant, and by the loss at sea of one of the Company's tugs. The fact that sales of equipment have yielded a profit indicate that the Company's policy as regards depreciation has been conservative.

Your Company's buildings, plant and equipment have been maintained in first-class operating condition. Depreciation has been written off your Company's buildings and marine equipment in general at the maximum rates established under income tax regulations, and off your Company's construction plant at a somewhat lower aggregate rate due to the fact that a great deal of this equipment has already been written down to nominal values.

Operations show a net profit for the year, after depreciation and taxes, of \$128,516 as compared with a loss of \$83,126 in the previous year. Net current assets as of April 30, 1940, are \$602,749 as compared with \$447,657 as of the close of the previous fiscal year.

Your Directors have deemed it advisable to change the date of the close of the financial year of the Company from April 30th to December 31st and in consequence the current financial year will comprise operations for the eight month period ending December 31st next.

Your Directors take this opportunity of thanking the members of the staff for their loyal co-operation and unflinching efforts.

R. E. CHADWICK,
President.

CONSOLIDATED BALANCE

ASSETS

CAPITAL ASSETS AT COST:

Land and Buildings	\$ 260,584.94	
Plant and Equipment	1,028,819.72	
Marine Equipment	1,036,570.09	
Furniture and Fixtures	15,514.60	
	<u>\$2,341,489.35</u>	
Goodwill	1.00	
		<u>\$2,341,490.35</u>

INVESTMENT IN PARTLY OWNED SUBSIDIARY COMPANY	14,000.00
---	-----------

CURRENT AND WORKING ASSETS:

Cash in Banks and on Hand	\$295,098.64	
Accounts Receivable (including amounts held back on completed contracts)	470,171.92	
Investment in Uncompleted Contracts at Cost	3,508.22	
Tools and Supplies on hand, valued by the management at the lower of cost or market prices	21,749.60	
Investment in Dominion Government Bonds at Cost (Quoted value April 30, 1940, \$173,960.00)	\$178,640.00	
Accrued Interest on Bonds	2,256.04	
	<u>180,896.04</u>	
		971,424.42
DEFERRED CHARGES TO OPERATIONS		11,602.87
		<u>\$3,338,517.64</u>

Approved on behalf of the Board:

R. E. CHADWICK, Director.
LAWRENCE MACFARLANE, Director.

SHEET, APRIL 30, 1940

LIABILITIES

CAPITAL STOCK:

Authorized—150,000 Common Shares of No Par Value.

Issued — 84,600 Common Shares of No Par Value..... \$ 710,000.00

MORTGAGE PAYABLE 5%—due November 1, 1940..... 10,000.00

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities.....	\$ 312,489.75	
Provision for Income and Other Taxes.....	56,186.11	368,675.86

RESERVES:

Depreciation.....	\$1,218,845.09	
Uncompleted Contracts.....	10,380.50	
Guarantee Reserve Fund.....	13,121.79	
Fire and Marine Insurance.....	27,635.30	1,269,982.68

EARNED SURPLUS:

As per statement attached..... 979,859.10

\$3,338,517.64

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the books and accounts of The Foundation Company of Canada Limited and its Wholly Owned Subsidiary Companies for the year ending April 30, 1940 (with the exception of Maritime Towing & Salvage Limited and Halifax and Canso Steamships Limited, the balance sheets of which were certified by other Chartered Accountants) and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Consolidated Balance Sheet at April 30, 1940, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of The Foundation Company of Canada Limited and its Wholly Owned Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies examined by us and the certified accounts above mentioned.

In accordance with Section 114 of the Companies Act, 1934, we also report that the Companies' proportion of the net profit for the year ending December 31, 1939, of the partly owned Subsidiary Company has been taken up in the above accounts only to the extent of dividends declared therefrom.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, June 5, 1940.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS
APRIL 30, 1940

Operating Profit for the year ending April 30, 1940, before taking into account the items shown below		\$340,476.59
Add:		
Profit from sale of Capital Assets (net)	\$ 9,871.19	
Income from Investments	6,267.47	
Miscellaneous Income	1,321.48	
		<u>17,460.14</u>
		\$357,936.73
DEDUCT:		
Interest on Mortgages	\$ 500.00	
*Executive Officers' Remuneration	67,254.83	
Directors' Fees	4,046.00	
Legal Expenses	736.37	
Provision for Depreciation	106,185.79	178,722.99
Net Profit before providing for Income Taxes		<u>\$179,213.74</u>
Provision for Income and Other Taxes		50,698.02
Net Profit for the year		<u>\$128,515.72</u>
Earned Surplus Balance, April 30, 1939.		851,343.38
		<u><u>\$979,859.10</u></u>

*This item includes remuneration of executive officers of the Company and also of certain employees of the Company and its subsidiaries who are also officers or directors of subsidiary companies, totalling in all ten persons.

THE FOUNDATION COMPANY
OF CANADA
LIMITED

BOARD OF DIRECTORS

W. F. ANGUS	L. F. GIBLIN
R. E. CHADWICK	G. McG. MITCHELL
V. M. DRURY	F. G. RUTLEY
LAWRENCE MACFARLANE, K.C.	

OFFICERS

R. E. CHADWICK	- - - - -	President
V. M. DRURY	- - - - -	Vice-President
F. G. RUTLEY	- - - - -	Vice-President
V. G. YOUNGHUSBAND	- - - - -	Vice-President
C. E. GREARSON	- - - - -	Secretary-Treasurer
H. C. LINK	- - - - -	Asst. Secretary-Treasurer

HEAD OFFICE

1538 SHERBROOKE STREET WEST
MONTREAL

THE FOUNDATION COMPANY
OF CANADA
LIMITED

BOARD OF DIRECTORS

Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan

OFFICERS

Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan
Mr. J. H. McMillan

HEAD OFFICE

1000 BROADVIEW AVE.
TORONTO, ONT.
CANADA